

Message Text

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14

ORIGIN EA-09

INFO OCT-01 ISO-00 SS-15 EB-07 SP-02 L-03 H-02 INR-07

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DRAFTED BY EA/K:PMAYHEW:CHG

APPROVED BY EA - MR EDMOND

D - MR DUEMLING

EB - MR SWART

S/S:LCJOHNSTONE

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P 212306Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

C O N F I D E N T I A L STATE 276582

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS: EFIN, EINV, ETRD, KS

SUBJECT: EXIM FINANCING FOR DOW KOREA

REF: SEOUL 8945

FOR AMBASSADOR

1. IN MEETING NOVEMBER 21 EXIM BOARD DID NOT REPEAT NOT
APPROVE FINANCING FOR PLANT AND EQUIPMENT FOR DOW YOSU
PROJECT. BACKGROUND OF DECISION WAS THAT EXIM BANK STAFF
HAD FINALLY RECOMMENDED TO BOARD THAT LOANS TO DOW FOR
YOSU PROJECT BE APPROVED IF DOW U.S. WOULD GUARANTEE LOANS
AGAINST "NORMAL" COMMERCIAL RISK, SINCE BANK RETAINED SOME
DOUBT AS TO ECONOMIC VIABILITY OF PROJECT. POLITICAL
RISK WAS DROPPED. STAFF, FROM DISCUSSIONS WITH DOW,
BELIEVED THIS WOULD BE SATISFACTORY TO COMPANY DEPENDING
ON DEFINITION OF NORMAL RISK. DOW HAS ASSUMED SUCH RISK
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WITH EXIM IN NUMBER OF OTHER COUNTRIES.

2. HOWEVER, WE UNDERSTAND FROM BANK THAT DOW HAD MADE IT CLEAR THAT IT WOULD GO AHEAD WITH YOSU INVESTMENT THROUGH EUROPEAN FINANCING IF EXIM DID NOT APPROVE FINANCING. THIS, TOGETHER WITH LIKELIHOOD SOME EQUIPMENT FOR PROJECT WOULD

BE SOURCED FROM U.S. IN ANY EVENT, WAS APPARENTLY MAJOR FACTOR IN ULTIMATE BOARD DECISION. ADDITIONAL FACTOR WAS ESTIMATED \$830 MILLION WORTH OF OTHER PROJECTS ON EPB PRIORITY LIST FOR WHICH EXIM FINANCING IS DESIRED.

3. BOARD DID APPROVE UNRELATED \$15 MILLION FINANCING FOR COLLINS RADIO MICROWAVE PROJECT IN KOREA.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Concepts: EQUIPMENT, FINANCIAL DATA, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 NOV 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: PMAYHEW:CHG
Enclosure: n/a
Executive Order: GS
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Handling Restrictions: n/a
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Review Content Flags:
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Margaret P. Grafeld
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06 JUL 2006

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